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STAFF PROPOSED AMENDMENT NO. 1

1E/DATE PREPARED: 10:30 a.m. / April 4, 2014

COMPANY: Arizona Corporation Commission

AGENDA ITEM NO. 13

DOCKET NO(S). RU-00000A-13-0294

OPEN MEETING DATE: April 8 and 9, 2014

Page 5, Line 11

DELETE "and attached as Attachment 1"

ORIGINAL

RECEIVED
 2014 APR -4 A 10:37
 ARIZONA CORPORATION COMMISSION
 DOCKET CONTROL

Page 6, Line 5

DELETE "and the Necessity for a Hearing"

Page 6, Line 23

After "Rulemaking" INSERT "including Attachment 1, which sets forth the proposed changes to A.A.C. R14-2-103."

Page 7, Line 7

INSERT as a new finding of fact, "Staff anticipates that these rule amendments will not require Attorney General review and would be submitted to the Secretary of State upon final action by the Commission."

Page 7, Line 17

After "proposed Rulemaking" INSERT "including Attachment 1, which sets forth the proposed changes to A.A.C. R14-2-103."

Attachments 1 and 2

REPLACE Attachments 1 and 2 with a new Attachment 1, a complete copy of which is attached to this amendment.

Arizona Corporation Commission
DOCKETED

APR 04 2014

DOCKETED BY  

**** Make all conforming changes**

THIS AMENDMENT:			
_____ Passed _____	Passed as amended by _____		
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____	

ATTACHMENT 1

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES

REGULATION

CHAPTER 2. CORPORATION COMMISSION

FIXED UTILITIES

ARTICLE 1. GENERAL PROVISIONS

R14-2-103. Defining Filing Requirements in Support of a Request by a Public Service Corporation Doing Business in Arizona for a Determination of the Value of Property of the Corporation and of the Rate of Return Thereon, or in Support of Proposed Increased Rates or Charges

A. Purpose and definitions

1. No change
2. No change
3. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - g. No change
 - h. No change
 - i. No change
 - j. No change
 - k. No change
 - l. No change
 - m. No change
 - n. No change
 - o. No change
 - p. No change

- q. "Utilities" -- For purposes of the Section, utilities are electric, gas, telephone, water, sewer or any other that may be supplying service and/or commodities which in the future may be adjudged a public service corporation and under the jurisdiction of this Commission, are classified as follows:

		Annual Operating Revenue			
	Class A	B	C	D	E
Electric & Gas	Exceeding	\$1,000,000 to	\$250,000 to	\$50,000 to	Less than
	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$999,000</u>	<u>\$249,999</u>	<u>\$50,000</u>
	<u>10,000,000</u>	<u>3,000,000 to</u> <u>10,000,000</u>	<u>1,000,000 to</u> <u>2,999,999</u>	<u>250,000 to</u> <u>999,999</u>	<u>250,000</u>
Water & Sewer	Exceeding	\$1,000,000 to	\$250,000 to	\$50,000 to	Less than
	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$999,000</u>	<u>\$249,999</u>	<u>\$50,000</u>
	<u>10,000,000</u>	<u>3,000,000 to</u> <u>10,000,000</u>	<u>1,000,000 to</u> <u>2,999,999</u>	<u>250,000 to</u> <u>999,999</u>	<u>250,000</u>
Telephone	Exceeding	\$250,000 to	\$100,000 to	\$25,000 to	Less than
	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$249,000</u>	<u>\$99,999</u>	<u>\$25,000</u>
	<u>10,000,000</u>	<u>3,000,000 to</u> <u>10,000,000</u>	<u>1,000,000 to</u> <u>2,999,999</u>	<u>250,000 to</u> <u>999,999</u>	<u>250,000</u>

- r. No change

B. Filing requirements:

1. Information required from Class A, B, C and D utilities: The information required to be prepared and submitted by Class A, B, C and D Utilities in conjunction with a filing is presented below. Corresponding schedule formats are contained in the Appendix of this General Order and denoted. These formats are not applicable to Class E utilities. The Appendix schedule formats A-1 through A-5 are a part of this General Order, and the Applicant's schedules should conform to these formats. All other Appendix schedule formats and descriptions are illustrative and the applicant's specific formats may vary from that suggested in the Appendix. The substantive information requested, both on the Appendix schedule and in the body of this General Order, however, must be contained on the applicant's schedules together with the titles and schedule numbers provided in the Appendix. Specific information items requested on the Appendix schedules may be omitted without formal waiver, from the filing where it is evident that said

items are not applicable to the applicant's business. The instructions and notes contained on the Appendix schedules shall be followed where applicable. Reconstruction Cost New Depreciated information not filed by the applicant shall be deemed waived.

Information	Filing Required by	Appendix Schedule Reference(s)
A. Summary Information:		
1. A summary of the increase in revenue requirements and the spread of the revenue increase by customer classification.	All classes	A-1
2. A summary of the results of operations for the test year and for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	All classes	A-2
3. A summary of the capital structure for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	Classes A & B	A-3
4. Construction expenditures and gross utility plant in service for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	All classes	A-4
5. A summary of changes in financial position for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	Classes A & B	A-5
B. Rate Base Information:		
1. A schedule showing the elements of original cost and RCND rate bases.	All classes	B-1
2. A schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base.	All classes	B-2
3. A schedule showing pro forma adjustments to gross plant in service and accumulated depreciation for the RCND rate base.	All classes	B-3
4. A schedule demonstrating the determination of reproduction cost new less depreciation at the end of the test period.	All classes	B-4
5. A schedule showing the computation of working capital allowance.	All classes	B-5
C. Test Year Income Statements:		
1. A test year income statement, with pro forma adjustments.	All classes	C-1
2. A schedule showing the detail of all pro forma adjustments.	All classes	C-2
3. A schedule showing the incremental taxes and other expenses on gross revenues and the computation of an incremental gross revenue conversion factor.	All classes	C-3
D. Cost of Capital Information:		
1. A schedule summarizing the elements in the capital structure at the end of the test year and the projected year, their related costs and the computation of the total cost of capital.	All classes	D-1
2. A schedule showing the detail of long-term and short-term debt at the end of the test year and the projected year and their total cost.	Classes A & B	D-2
3. A schedule showing the detail of preferred stock at the end of the test year and the projected year, and their total cost.	Classes A & B	D-3
4. A schedule summarizing conclusions of the required return on the common equity as of the end of the test year and the projected year.	Classes A & B	D-4
E. Financial Statements and Statistical Data:		
1. Comparative balance sheets for the end of the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-1
2. Comparative income statements for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-2
3. Comparative statements of changes in financial position for the test year and the 2 fiscal years ended prior to the end of the test year.	Classes A & B	E-3
4. Statements of changes in stockholder's equity for the test year and the 2 fiscal years ended prior to the end of the test year.	Classes A & B	E-4

5. A comparative schedule showing by detail account number, utility plant balances at the end of the test year and the end of prior fiscal year.	All classes	E-5
6. Comparative departmental statements of operating income for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes of combination utilities	E-6
7. Comparative operating statistics on customers, consumption, revenues, and expenses for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-7
8. A comparative schedule of all significant taxes charged to operations for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes except Class D	E-8
9. Audited financial statements, if available, for the test year and the 2 fiscal years ended prior to the end of the test year. If the financial statements have not been audited, notes to the financial statements should be provided to indicate accounting method, depreciation lives and methods, income tax treatment and other important disclosures.	All classes	E-9
F. Projections and Forecasts:		
1. A projected income statement for the projected year compared with actual test year results, at present rates and proposed rates.	All classes	F-1
2. Projected changes in financial position for the projected year compared with the test year, at present rates and proposed rates.	Classes A & B	F-1
3. Projected annual construction requirements, by property classification, for 1 to 3 years subsequent to the test year, compared with the test year.	Classes A & B 3 years Classes C & D 1 year	F-3
4. Important assumptions used in preparing forecasts and projections.	All classes	F-4
G. Cost of Service Information		
A utility shall submit cost of service analyses and studies if all of the following conditions prevail:		
1. The utility is in a segment of the utility industry that recognizes cost of service studies as important tools for rate design.		
2. Costs incurred by the utility are likely to vary significantly from 1 defined segment of customers to another.		
A historical accounting period other than the test year may be used for cost of service purposes provided that customer mix in the historical period used is representative of the test year. When a cost of service analysis is required, the following information shall be submitted:		
1. Schedule showing rates of return by customer classification at present and proposed rates.	Classes A, B and C if applicable	G-1 G-2
2. Schedules showing the approach used in allocating or assigning plant and expenses to classes of service and defined functions.	Classes A, B and C if applicable	G-3 G-4 G-5 G-6
3. Schedules showing the development of all allocation factors used in the all allocation factors used in the cost of service study.	Classes A, B and C if applicable	G-7
H. Effect of Proposed Rate Schedules:		
1. A comparison of revenues by customer classification or other classification of revenues for the test year, at present and proposed rates.	All classes	H-1
2. A comparison of revenues by class of service and by rate schedule for the test year, at present and proposed rates.	Classes A & B	H-2
3. A comparison of present and proposed rate schedules or representative rate schedules.	Class A representative schedules; Classes B, C and D - all schedules	H-3
4. Typical bill analysis	All classes	H-4
5. Bill count	All classes	H-5

2. Information required from Class E Utilities: The information required to be prepared and submitted by a Class E Utility in support of a filing is as follows:
- a. A statement of income for the test year similar in format to Schedule C-1 or E-2.
 - b. A balance sheet as of the end of the test year similar in format to Schedule E-1.
 - c. Utility plant account balances at the end of the test year similar in format to Schedule E-5.
 - d. An estimate of new investment in utility plant to be added in the projected year.
 - e. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates.

The appendix schedules shall be used as guides in presenting the information specified in this subsection.

- 3. No change
- 4. No change
- 5. No change
- 6. No change
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- 8. No change
- 9. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
- 10. No change
- 11. No change
 - a. No change
 - b. No change
 - i. No change
 - ii. No change

- iii. No change
- iv. No change
- v. No change
- c. No change
- d. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
- e. No change
 - i. No change
 - ii. No change
- f. No change
- g. No change
- h. No change

Appendix. Arizona Corporation Commission; Regulation R14-2-103; Rate Application Filing Requirements; Index of Schedules

No change

Appendix A. Summary Schedules

No change

Appendix B. Rate Base Schedules

No change

Appendix C. Test Year Income Statements

No change

Appendix D. Cost of Capital

No change

Appendix E. Financial Statements and Statistical Schedules

No change

Appendix F. Projections and Forecasts

No change

Appendix G. Cost of Service Analyses

No change

Appendix H. Effect of Proposed Tariff Schedules

No change